

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 NIC-01 SAJ-01 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01

SP-03 SS-20 USIA-15 FEA-02 AEC-11 AID-20 CEA-02

CIEP-02 COME-00 EB-11 FPC-01 INT-08 OMB-01 SAM-01

SCI-06 STR-08 TRSE-00 DRC-01 /176 W

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R 051419Z JUN 74

FM AMEMBASSY MOSCOW

TO USMISSION NATO

INFO SECSTATE WASHDC 9477

C O N F I D E N T I A L MOSCOW 8500

E.O. 11652: GDS

TAGS: ECON NATO COMECON

SUBJECT: ECONADS: JUNE 6 MEETING ON RECENT DEVELOPMENTS
IN COMECON

REF: USNATO 3039; MOSCOW 8232

1. ALTHOUGH MOSCOW IS INFO ADDRESSEE FOR REFTTEL, WE VOLUNTEER FOLLOWING FEW COMMENTS WHICH MAY BE USEFUL IN ADDITION TO THOSE MADE BY DEPARTMENT.
2. OVERALL, WE THINK ECONOMIC DIRECTORATE PAPER PROVIDES USEFUL, WELL-WRITTEN STATUS REPORT ON CURRENT POSITION OF COMECON AND BACKGROUND ON ITS DEVELOPMENT.
3. REGARDING SECTION IV OF TEXT, WE BELIEVE THAT DISCUSSION AND ARGUMENT OVER INTRODUCTION OF RATIONAL, REALISTIC PRICING SYSTEM AND SOME MOVE TOWARD CONVERTIBILITY IS PROBABLY STILL GOING ON, AND MAY HAVE ACCELERATED DURING LAST FEW MONTHS IN PERIOD PRIOR TO JUNE CEMA SUMMIT MEETING IN SOFIA.

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4. IN SECTION V, WE SUGGEST THAT STATEMENT IN LAST SENTENCE

THAT INCREASE IN EAST-WEST TRADE WILL HAVE NO EFFECT ON ABILITY OF EE COUNTRIES TO CONTROL THEIR OWN DESTINIES MAY BE TOO STRONG. WE BELIEVE THAT IN SOVIET VIEW, ANY SIGNIFICANT INCREASE IN TRADE BETWEEN AN EE COUNTRY AND THE WEST IS PROBABLY REGARDED WITH SUSPICION AND UNEASE, A MOVEMENT TOWARD A "NON-CONTROLLABLE SITUATION" WHICH THEREFORE REQUIRES CAREFUL SOVIET MONITORING. AS A RESULT, RECENT INCREASES IN EAST EUROPEAN COMECON TRADE WITH WESTERN COUNTRIES PROBABLY GIVE EE COUNTRIES A CERTAIN MANEUVERABILITY IN DEALING WITH THE USSR WHICH THEY DID NOT HAVE BEFORE. GRANTED, THE EXTENT OF THIS NEW MANEUVERABILITY MAY BE VERY LIMITED, AND IT WILL BE A SUBJECT FOR CONSTANT SOVIET SCRUTINY. TWO EXAMPLES: SOVIET OBSERVATION OF THE NEM IN HUNGARY AND EVIDENCE OF SOVIET CONCERN REGARDING THE WESTWARD DRIFT "IN POLAND'S FOREIGN TRADE.

5. IN SECTION VI WE FEEL THAT THE IMPORTANCE OF THE NEW COMECON INSTITUTIONS FOR THE EXERCISE OF SOVIET CONTROL IN COMECON MUST NOT BE UNDERESTIMATED. THEY APPEAR TO US AS CAREFULLY PLANNED SOVIET IMPLEMENTS TO DIRECT AND CARRY OUT COMPLEX PROGRAM OBJECTIVES. OUTWARDLY BUREAUCRATIC AND IN SOME CASES CUMBERSOME, THEY HAVE BEEN INCREASING AT A RECORD RATE OVER THE PAST TWO YEARS. A NUMBER OF THE NEWER ORGANIZATIONS ARE ALSO CONCERNED WITH HIGH PRIORITY ECONOMIC SECTORS-- ELECTRIC POWER, OIL AND NATURAL GAS, ATOMIC ENERGY, COMPUTERS, ALIGNED WITH AN INTEGRATED INTRA-CEMA SYSTEM OF PLANNING, THEIR IMPACT SHOULD EVENTUALLY BE CONSIDERABLE.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETING AGENDA, FINANCE, BALANCE OF PAYMENTS, COMMITTEE MEETINGS, RELATIONS WITH INTERNATIONAL ORGS
Control Number: n/a
Copy: SINGLE
Draft Date: 05 JUN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MOSCOW08500
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740143-0884
From: MOSCOW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740673/aaaacraq.tel
Line Count: 89
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: USNATO 3039; MOSCOW 8232
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 10 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 APR 2002 by kelleyw0>; APPROVED <20 JUN 2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ECONADS: JUNE 6 MEETING ON RECENT DEVELOPMENTS IN COMECON
TAGS: ECON, NATO, COMECON
To: NATO
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005